



ESTIMATED MONTHLY IN-SCHOOL INTEREST PAYMENT



Students who choose to pay interest on their loans while in school can save on total interest paid and also realize lower monthly payments after they leave school.

(Formula used: Principal x Interest) ÷ 12 months)

PRINCIPAL	2.77%	2.82%	3.50%	4.00%	4.25%	4.50%	4.75%	5%	5.25%	5.50%	5.75%	6%	6.25%	6.50%
\$500	\$1.15	\$1.18	\$1.46	\$1.67	\$1.77	\$1.88	\$1.98	\$2.08	\$2.19	\$2.29	\$2.40	\$2.50	\$2.60	\$2.71
1,000	2.31	2.35	2.92	3.33	3.54	3.75	3.96	4.17	4.38	4.58	4.79	5.00	5.21	5.42
1,500	3.46	3.53	4.38	5.00	5.31	5.63	5.94	6.25	6.56	6.88	7.19	7.50	7.81	8.13
2,000	4.62	4.70	5.83	6.67	7.08	7.50	7.92	8.33	8.75	9.17	9.58	10.00	10.42	10.83
2,500	5.77	5.88	7.29	8.33	8.85	9.38	9.90	10.42	10.94	11.46	11.98	12.50	13.02	13.54
3,000	6.93	7.05	8.75	10.00	10.63	11.25	11.88	12.50	13.13	13.75	14.38	15.00	15.63	16.25
3,500	8.08	8.23	10.21	11.67	12.40	13.13	13.85	14.58	15.31	16.04	16.77	17.50	18.23	18.96
4,000	9.23	9.40	11.67	13.33	14.17	15.00	15.83	16.67	17.50	18.33	19.17	20.00	20.83	21.67
4,500	10.39	10.58	13.13	15.00	15.94	16.88	17.81	18.75	19.69	20.63	21.56	22.50	23.44	24.38
5,000	11.54	11.75	14.58	16.67	17.71	18.75	19.79	20.83	21.88	22.92	23.96	25.00	26.04	27.08
5,500	12.70	12.93	16.04	18.33	19.48	20.63	21.77	22.92	24.07	25.21	26.36	27.50	28.65	29.79
6,000	13.85	14.10	17.50	20.00	21.25	22.50	23.75	25.00	26.25	27.50	28.75	30.00	31.25	32.50
6,500	15.00	15.28	18.96	21.67	23.02	24.38	25.73	27.08	28.44	29.79	31.15	32.50	33.85	35.21
7,000	16.16	16.45	20.42	23.33	24.79	26.25	27.71	29.17	30.63	32.08	33.54	35.00	36.46	37.92
7,500	17.31	17.63	21.88	25.00	26.56	28.13	29.69	31.25	32.81	34.38	35.94	37.50	39.06	40.63
8,000	18.47	18.80	23.33	26.67	28.33	30.00	31.67	33.33	35.00	36.67	38.33	40.00	41.67	43.33
8,500	19.62	19.98	24.79	28.33	30.10	31.88	33.65	35.42	37.19	38.96	40.73	42.50	44.27	46.04
9,000	20.78	21.15	26.25	30.00	31.88	33.75	35.63	37.50	39.38	41.25	43.13	45.00	46.88	48.75
9,500	21.93	22.33	27.71	31.67	33.65	35.63	37.60	39.59	41.57	43.54	45.52	47.50	49.48	51.46
10,000	23.08	23.50	29.17	33.33	35.42	37.50	39.58	41.67	43.75	45.83	47.92	50.00	52.08	54.17

NOTE: Most lenders/servicers mail statements on a quarterly basis, but the interest may be paid monthly with arrangements made through the lender/servicer.

Michigan Guaranty Agency; School Services Section; P.O. Box 30047; Lansing, MI 48909; 1-800-642-5626, Extension 36074

Michigan.gov/mistudentaid

continued→

EXAMPLE 1 - Carol borrows \$18,000 total during her four years in school and pays monthly interest payments while in school.

Monthly interest payment based on	1st Year--1st Loan	\$ 13.33 based on \$4,000 borrowed
4% capitalized once at repayment:	2nd Year--2nd Loan	\$ 26.67 based on an additional \$4,000 borrowed
	3rd Year--3rd Loan	\$ 43.33 based on an additional \$5,000 borrowed
	4th Year--4th Loan	\$ 60.00 based on an additional \$5,000 borrowed

Total interest paid over four years during school = \$1,719.96

Repayment

Monthly payment (principal and interest) based on a ten-year payback = **\$182.24**

Monthly payment if interest had not been paid during school = **\$199.65**

Total amount paid for the loan = **\$21,868.80**

Total amount of loan if interest had not been paid during school = **\$23,958.00**

Carol would save \$2,089.20 in interest over ten years by making interest payments during school.

EXAMPLE 2 - John borrows \$9,000 total during his four years in school and pays monthly interest payments while in school.

Monthly interest payment based on	1st Year--1st Loan	\$ 3.33 based on \$1,000 borrowed
4% capitalized once at repayment:	2nd Year--2nd Loan	\$ 10.00 based on an additional \$2,000 borrowed
	3rd Year--3rd Loan	\$ 20.00 based on an additional \$3,000 borrowed
	4th Year--4th Loan	\$ 30.00 based on an additional \$3,000 borrowed

Total interest paid over four years during school = \$759.96

Repayment

Monthly payment (principal and interest) based on a ten-year payback = **\$91.12**

Monthly payment if interest had not been paid during school = **\$98.81**

Total amount paid for the loan = **\$10,934.40**

Total amount of loan if interest had not been paid during school = **\$11,857.20**

John would save \$922.80 in interest over ten years by making interest payments during school.

BENEFITS OF PAYING INTEREST WHILE IN SCHOOL

★ Monthly payments are lower during repayment ★

★ Total interest paid is less ★